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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact: _____, ID No. _____

Telephone Number:

Refer Reply To:
CC:CORP:BO1
PLR-134011-10

Date:
September 14, 2010

In Re:

Parent =

Entity X =

Subsidiary Y =

Business A =

Date 1 =

Date 2 =

Note 1 =

Note 2 =

New Notes 1 =

Loan 1 =

Loan 2 =

Note 3 =

Note 4 =

New Notes 2 =

Dear :

We respond to your authorized representatives' letter dated August 18, 2010, requesting certain rulings relating to the application of § 382 of the Internal Revenue Code to a completed transaction.

Summary of Facts

Parent is the common parent of a consolidated group (Parent Consolidated Group) engaged in Business A. On Date 1, Parent and Entity X, a disregarded entity of Subsidiary Y, filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code. The subsidiaries of Parent (other than Entity X), including Subsidiary Y, did not file for bankruptcy protection.

On Date 2, the Bankruptcy Plan of Reorganization (the Plan), which had been approved by the Bankruptcy Court, became effective. The following are material features of the Plan:

(i) Each electing holder of an allowed claim arising under a Note 1 or any holder of an allowed claim arising under a Note 2 received its pro rata share of New Notes 1 and a specified percentage of Parent's new common stock.

(ii) Each non-electing holder of an allowed claim arising under a Note 1 had its current claim reinstated and retained its current note.

(iii) Each holder of an allowed claim arising under a Loan 1 or a Loan 2 received its pro rata share of New Notes 1 and a specified percentage of Parent's new common stock.

(iv) Each holder of an allowed claim arising under a Note 3 or a Note 4 received its pro rata share of a specified percentage of Parent's new common stock plus contingent value rights.

(v) Each holder of certain notes issued by Entity X received its pro rata share of New Notes 2 issued by Entity X and guaranteed by Parent.

(vi) Holders of equity interests in Parent had those interests cancelled, terminated, and extinguished; however, holders of Parent's preferred stock received contingent value rights.

The only debt of the Parent Consolidated Group that was exchanged for stock was debt of Parent.

Representations

Parent makes the following representations in connection with the proposed transaction:

(a) On Date 2, Parent emerged from protection under Chapter 11 of the Bankruptcy Code pursuant to a Bankruptcy Plan of Reorganization that resulted in an ownership change within the meaning of § 382.

(b) Parent was under the jurisdiction of the Bankruptcy Court in a Title 11 case immediately before Date 2.

(c) The Bankruptcy Plan of Reorganization was approved by the Bankruptcy Court.

(d) Immediately after Date 2, at least 50 percent of the value and voting power of the common stock of Parent was owned by qualified creditors (within the meaning of § 382(l)(5)(E) and § 1.382-9(d)(1) of the Income Tax Regulations) of Parent as a result of being creditors of Parent immediately before the ownership change.

(e) Parent is the common parent of an affiliated group of corporations that file a consolidated federal income tax return and this affiliated group is a "loss group" within the meaning of § 1.1502-91(c)(1).

(f) All members of the Parent consolidated group were eligible to be included in the determination of whether the loss group has a net unrealized built-in loss (NUBIL) under § 1.1502-91(g)(2)(ii) on Date 2.

Rulings

Based on the facts and representations set forth in this letter, we rule as follows:

1. Unless the Parent Consolidated Group elects to apply section 382(l)(6), under section 382(l)(5), there is no section 382 limitation on pre-change losses or built-in losses of the Parent Consolidated Group (and each of its members) as a result of the ownership change on Date 2. Alternatively, if the Parent Consolidated Group elects to apply section 382(l)(6) to the ownership change on Date 2, in computing its section 382

limitation, the Parent Consolidated Group takes into account the increase in the value of Parent resulting from the surrender or cancellation of Parent's creditors' claims in the transaction under the rules provided in § 1.382-9.

2. If the Parent Consolidated Group applies section 382(l)(6) to the ownership change on Date 2, in applying Notice 2003-65 to the calculation of net unrealized built-in gain or loss, except as otherwise modified by Notice 2003-65, the Parent Consolidated Group may apply the principles for computing and allocating the aggregate deemed sale price under §§ 1.338-4 and 1.338-6 to determine its amount realized on the hypothetical sale of all of its assets to a third party that assumed all of its liabilities. Liabilities immediately before the ownership change should be taken into account at their adjusted issue price regardless of whether they were subsequently discharged in whole or in part during the recognition period (which includes the change date) or thereafter. Amounts realized should be allocated to the stock and obligations of members of the Parent Consolidated Group notwithstanding that gain or loss might not be taken into account under § 1.1502-91.

Caveats

We express no opinion concerning the federal tax consequences of the proposed transactions under any other provision of the Code or regulations, or concerning any conditions existing at the time of, or effects resulting from, the proposed transactions that are not specifically covered by the above rulings.

This letter ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Each taxpayer involved in the transaction should attach a copy of this ruling letter to the taxpayer's federal income tax return for the taxable year in which the transaction covered by this letter is completed. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this ruling letter.

Pursuant to a power of attorney on file with this office, copies of this letter will be sent to your authorized representatives.

Sincerely,

Mark S. Jennings
Chief, Branch 1
Office of Associate Chief Counsel
(Corporate)